

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

AUDIT REPORT

OF

ARIES/HENRY COUNTY LOCAL COORDINATING COUNCIL

HENRY COUNTY, INDIANA

January 1, 2002 to December 31, 2004



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Program Coordinator	Patricia Smith	01-01-02 to 09-30-04
Volunteer Interim Coordinator	Olene Veach	10-01-04 to 12-31-05
Financial Coordinator	Debra Price (Deceased)	01-01-02 to 06-26-04



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE ARIES/HENRY COUNTY LOCAL
COORDINATING COUNCIL, HENRY COUNTY, INDIANA

We have been engaged to audit the Statements of Receipts, Disbursements, and Cash and Investment Balances of the ARIES/Henry County Local Coordinating Council (Council), as of and for the years ended December 31, 2002, 2003, and 2004, as listed in the table of contents, which collectively comprise the Council's basic financial statements. These financial statements are the responsibility of the Council's management.

The accounting records were inaccurate and incomplete. The deficiencies included failure to reconcile monthly bank balances to ledger balances for the ARIES account, and failure to post cash receipts and disbursements and to balance monthly the Henry County LCC account. The records do not permit the application of other auditing procedures to satisfy ourselves that the account balances are fairly stated.

Since records were not in the proper condition or not available to audit as described in the preceding paragraph, and we were unable to apply alternative auditing procedures, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the Statements of Receipts, Disbursements and Balances.

STATE BOARD OF ACCOUNTS

September 19, 2005

ARIES/HENRY COUNTY LOCAL COORDINATING COUNCIL
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2002

	ARIES	Henry County LCC	Total
Cash and investments, January 1	\$ 7,835	\$ -	\$ 7,835
Receipts:			
ITPC grant distributions	-	62,100	62,100
Henry County Drug Free Grant distributions	18,750	-	18,750
Henry County School's contributions:			
Charles A. Beard Memorial School Corporation	-	1,846	1,846
Henry County LCC contract	14,000	-	14,000
Other	222	-	222
	<u>32,972</u>	<u>63,946</u>	<u>96,918</u>
Total receipts			
	<u>32,972</u>	<u>63,946</u>	<u>96,918</u>
Disbursements:			
Salaries/wages:			
Program Administrator	-	10,000	10,000
Research Coordinator	-	8,000	8,000
Financial Coordinator	200	-	200
Consultant	200	-	200
Additional salaries BABES	21,730	-	21,730
Youth Council	190	-	190
Travel			
In-State	280	1,609	1,889
Supplies	-	65	65
Contracts - ARIES	-	19,600	19,600
Telephone/cell phone acquisition and service for employees	-	798	798
Furniture and equipment	-	6,402	6,402
Other	2,644	72	2,716
YMCA	8,000	-	8,000
	<u>33,244</u>	<u>46,546</u>	<u>79,790</u>
Total disbursements			
	<u>33,244</u>	<u>46,546</u>	<u>79,790</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(272)</u>	<u>17,400</u>	<u>17,128</u>
Cash and investments, December 31	<u>\$ 7,563</u>	<u>\$ 17,400</u>	<u>\$ 24,963</u>

The accompanying notes are an integral part of the schedules.

ARIES/HENRY COUNTY LOCAL COORDINATING COUNCIL
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2003

	ARIES	Henry County LCC	Total
Cash and investments, January 1	\$ 7,563	\$ 17,400	\$ 24,963
Receipts:			
ITPC grant distributions	-	62,100	62,100
Henry County Drug Free Grant distributions	-	19,500	19,500
Henry County School's contributions:			
Charles A. Beard Memorial School Corporation	1,200	-	1,200
Blue River Valley Schools	1,000	-	1,000
South Henry School Corporation	450	-	450
Other	150	-	150
Henry County LCC contract	19,400	-	19,400
Reimbursement Henry County drug free distribution	19,500	-	19,500
	<u>41,700</u>	<u>81,600</u>	<u>123,300</u>
Total receipts			
Disbursements:			
Salaries/wages:			
Program Administrator	2,300	15,000	17,300
Research Coordinator	2,300	10,000	12,300
Financial Coordinator	4,300	-	4,300
Consultant	333	-	333
Additional salaries BABES	23,500	-	23,500
Youth Council	408	-	408
Travel			
In-State	1,170	1,864	3,034
Unauthorized out-of-state	-	1,151	1,151
Supplies	-	821	821
Contracts - ARIES	-	19,400	19,400
Telephone/cell phone acquisition and service for employees	-	1,794	1,794
Internet line and service	-	497	497
Furniture and equipment	1,346	1,674	3,020
Indirect costs	-	6,000	6,000
Undocumented expenditures	1,269	530	1,799
Personal expenses - Program Director	-	473	473
Reimbursement Henry County drug free distribution	-	19,500	19,500
ARIES expenses paid by LCC	-	15,258	15,258
	<u>36,926</u>	<u>93,962</u>	<u>130,888</u>
Total disbursements			
Excess (deficiency) of receipts over (under) disbursements	<u>4,774</u>	<u>(12,362)</u>	<u>(7,588)</u>
Cash and investments, December 31	<u>\$ 12,337</u>	<u>\$ 5,038</u>	<u>\$ 17,375</u>

The accompanying notes are an integral part of the schedules.

ARIES/HENRY COUNTY LOCAL COORDINATING COUNCIL
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2004

	ARIES	Henry County LCC	Total
Cash and investments, January 1	\$ 12,337	\$ 5,038	\$ 17,375
Receipts:			
ITPC grant distributions	-	49,680	49,680
Henry County Drug Free Grant distributions	25,000	5,000	30,000
Henry County School's contributions:			
Charles A. Beard Memorial School Corporation	5,143	-	5,143
New Castle Community School Corporation	1,000	-	1,000
South Henry School Corporation	300	-	300
Other	253	-	253
Henry County LCC contract	18,680	-	18,680
Reimbursement Henry County Drug Free distribution	2,000	-	2,000
Reimbursements for LCC expenses	30,071	-	30,071
Transfers in from ARIES	-	4,997	4,997
	<u>82,447</u>	<u>59,677</u>	<u>142,124</u>
Total receipts			
Disbursements:			
Salaries/Wages:			
Program Administrator	558	-	558
Financial Coordinator	14,800	-	14,800
Additional Salaries BABES	24,257	-	24,257
Youth Council	474	-	474
Travel			
Out-of-state	3,979	287	4,266
Supplies	316	-	316
Contracts - ARIES	-	18,680	18,680
Telephone/cell phone acquisition and service for employees	-	1,883	1,883
Furniture and equipment	7,040	-	7,040
Other	3,682	25	3,707
Personal expenses - Program Director	140	2,713	2,853
Reimbursement Henry County Drug Free distribution	-	2,000	2,000
LCC expenses paid by ARIES	28,205	-	28,205
ARIES expenses paid by LCC	-	999	999
Reimbursements to ARIES for LCC expenses	-	30,071	30,071
Transfers out to LCC	4,997	-	4,997
	<u>88,448</u>	<u>56,658</u>	<u>145,106</u>
Total disbursements			
Excess (deficiency) of receipts over (under) disbursements	<u>(6,001)</u>	<u>3,019</u>	<u>(2,982)</u>
Cash and investments, December 31	<u>\$ 6,336</u>	<u>\$ 8,057</u>	<u>\$ 14,393</u>

The accompanying notes are an integral part of the schedules.

ARIES/HENRY COUNTY LOCAL COORDINATING COUNCIL
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Introduction

ARIES (Abuse Reduction through Intervention, Education and Support) was formed in 1986 as a not for profit drug and alcohol council in Henry County. The Henry County Local Coordinating Council was established in 2001 as the result of a grant award. ARIES/Henry County LCC operates with a single appointed governing board with overlapping personnel and functions. Indiana Code 4-12-4 established the Tobacco Use Prevention and Cessation Trust Fund, an executive board, and a state agency called the Indiana Tobacco Prevention and Cessation Agency (ITPC), to issue grants to eligible entities. The Henry County Local Coordinating Council applied for the grant funds to prevent and reduce the use of all tobacco products, and to protect citizens from exposure to second-hand smoke.

B. Reporting Entity

These financial statements present ARIES/Henry County Local Coordinating Council. There are no significant component units which require inclusion.

C. Fund Accounting

The Council uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

The Council has the following funds:

The ARIES fund is used to account for all or most County Drug Free Indiana activities.

The Henry County LCC fund is used to account for all or most tobacco prevention and cessation activities.

D. Basis of Accounting

The accompanying financial statements are prepared on the basis of cash receipts and disbursements. Operating receipts and disbursements are cash inflows and outflows related to the daily operations of the Council. The cash basis of accounting differs from accounting principles generally accepted in the United States in that receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

ARIES/HENRY COUNTY LOCAL COORDINATING COUNCIL
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Budgets

The operating budget for Henry County LCC is initially prepared with the grant application, and is approved by the Indiana Tobacco Prevention and Cessation Agency as part of the grant award.

Formal budgetary integration is required by the Indiana Tobacco Prevention and Cessation Agency and is employed as a management control device. An annual budget was legally adopted for the Henry County LCC fund.

A formal budget is not required for ARIES; however, an informal budget was prepared for the year 2004.

F. Grant Award

The Indiana General Assembly approved a total of sixty-five million dollars (\$65,000,000) for the first two years (2002 and 2003) to implement a statewide coordinated, comprehensive tobacco prevention and cessation program in Indiana. Additional funds were made available for the period of January 1, 2004, to June 30, 2005. Henry County LCC received a grant award of one hundred twenty-four thousand two hundred dollars (\$124,200) during years 2002 and 2003. The grant Amendment and Renewal # 1 increased the grant amount by seventy-four thousand five hundred twenty dollars (\$74,520) for the period of January 1, 2004, to June 30, 2005. The Council has received forty-nine thousand six hundred eighty dollars (\$49,680) of the amendment amount. The Indiana Tobacco Prevention and Cessation Agency has withheld the final installment of twenty-four thousand eight hundred forty dollars (\$24,840) of the grant to ARIES/Henry County Local Coordinating Council.

ARIES/HENRY COUNTY LOCAL COORDINATING COUNCIL
AUDIT RESULTS AND COMMENTS

BACKGROUND INFORMATION

The State of Indiana, along with other states, was awarded a settlement from the tobacco industry. As a result of this settlement, the Indiana General Assembly enacted IC 4-12-4, which established the Indiana Tobacco Use Prevention and Cessation Trust Fund. The Indiana Tobacco Prevention and Cessation (ITPC) Agency was established to administer grants from the tobacco settlement funds. ARIES/Henry County Local Coordinating Council (LCC) applied for and received a grant of \$124,200 for the period of January 1, 2002, to December 31, 2003. Amendment and Renewal #1 increased the grant amount by \$74,520 for the period of January 1, 2004, to June 30, 2005, making the total grant amount \$198,720. ITPC has not distributed the third and final installment of \$24,840 for the current grant period.

ARIES, Inc. (Abuse Reduction through Intervention, Education and Support) is a non-profit drug and alcohol coalition of Henry County. The mission of ARIES is to work with the community and area agencies on behalf of its youth to promote substance abuse reduction. One program sponsored and financed by ARIES is BABES (Beginning Alcohol and Addictions Based Education Studies). ARIES employs two persons to deliver the BABES program to the county school corporations.

FINANCIAL REPORT OPINION MODIFICATIONS

Funds ledgers for Henry County LCC for the years 2002, 2003, and 2004 were not presented for audit. Therefore, the State Board of Accounts was unable to provide an unqualified opinion on the Independent Auditors' Report for the financial statements.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors' Report on the financial statements may have adverse financial consequences including the possibility of disqualification from future participation in the ITPC grants.

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were present during our period of audit:

- (1) No record of receipts, disbursements, and balances was presented for Henry County LCC. ARIES receipts, disbursements and balances were maintained with Quickbooks.
- (2) ARIES record balances were not reconciled to depository balances during the audit period.
- (3) Quarterly Fiscal Reports submitted to the ITPC were inaccurate and not reflective of program activity based on expenditures we accumulated.
- (4) During 2004, most ITPC grant funds were disbursed to ARIES and co-mingled with ARIES Drug Free Indiana funds. Payments made by Henry County LCC to ARIES were made without documentation. Salaries and operational expenses for Henry County LCC were paid from the ARIES checking account, making it impossible to determine if expenses were properly allocated and whether funds were being expended for the correct program. Expenses were allocated by examiners based upon past records.

ARIES/HENRY COUNTY LOCAL COORDINATING COUNCIL
AUDIT RESULTS AND COMMENTS
(Continued)

Grantees are to account for tobacco grant funds separately from other organization funds and reconcile the Tobacco Grant Fund account monthly. (Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation, 2004, Page 11)

SUPPORTING DOCUMENTATION

Nearly all payments for expenses after 2002 did not contain adequate supporting documentation, such as receipts or invoices. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

All disbursements are required by law to be fully itemized. IC 4-10-11-1 states that payments shall not be approved by any officer or officers authorized to approve the same, unless so itemized, and when invoices are presented for payment, they shall be accompanied by said itemized accounts and statements. (Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation, 2004, Page 10)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

ARIES/Henry County LCC did not comply with directives of the Indiana Department of Revenue and the Internal Revenue Service by not filing required payroll tax reports or remitting correct amounts.

In addition, "Christmas Bonuses" were given to ARIES employees in 2002 and 2003 without payroll deductions for taxes.

Grantees should file accurate reports required by federal and state agencies. Each reporting entity is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies.

CAPITAL ASSETS

The unit compiled a listing of computers and other equipment during our audit. The inventory included four Dell laptop computers and three Tangent computers. LCC expenditures to Dell Computer in 2002 included \$6,018 for three laptops. It could not be determined which laptops were purchased with tobacco funds and which laptops were purchased with ARIES funds. In 2003, LCC expended \$1,674 on equipment from Tangent Computer. The inventory provided included three Tangent computers. No identification was provided indicating how many or which computers were purchased with tobacco funds. A Hewlett Packard FAX/copier/printer was also in inventory. No determination had been made as to whether ARIES funds or tobacco funds were used to purchase the FAX.

All of the equipment listed is now in the possession of ICAP (Interlocal Community Action Program). ICAP has agreed to submit an application for any future ITPC grants.

The Grantee will maintain a fixed assets listing as prescribed in the budget explanation. The budget explanation states that assets are not to be co-mingled with other assets purchased and owned by the organization. A separate listing of assets purchased with tobacco grant funding and housed at the organization is to be listed separately. The information required includes:

ARIES/HENRY COUNTY LOCAL COORDINATING COUNCIL
AUDIT RESULTS AND COMMENTS
(Continued)

- (1) Description of item including type, make, model, serial number, etc.;
- (2) Date purchased;
- (3) Purchase price;
- (4) Exact Location of assets - Address, office number, etc.; and
- (5) Person responsible for assets.

(Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco and Prevention, 2004, Page 11)

NONCOMPLIANCE WITH GRANT APPLICATION

The following issues define the noncompliance with grant rules and regulations that were discovered during our audit:

- (1) The budgets submitted to and approved by the ITPC for years 2002 and 2003 and the grant period of January 1, 2004, to June 30, 2005, each included a line item for contracts with ARIES for "program provision and advertising." The budget narratives indicate that ARIES will provide services to promote and oversee school wide educational programs through the county schools by providing students and their families with tobacco prevention and cessation information. No actual contracts with ARIES were presented for audit.

ARIES/Henry County LCC board members have indicated that BABES instructors work exclusively in the elementary schools with grades Kindergarten through Grade 2. The mini-grant for ARIES included funding for a portion of BABES program consultants' salaries. No other significant activities could be determined for any other population demographic.

Information provided to grantees for the grant period of January 1, 2004, to June 30, 2005, states that "Youth curriculum should focus on middle and high school students (youth ages 11-17)." (Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation, Page 7)

We recommended that officials of ITPC request from ARIES repayment of \$18,680, the contract amount paid through December 31, 2004, for failure to provide required services.

- (2) The budget for January 1, 2004, to June 30, 2005, included contracts with each of five school corporations in Henry County. Each contract was for \$1,000. The grant application indicated that for each school corporation, \$500 was for VOICE Youth Initiative and \$500 was for the TAP/TEG Program. No school corporation actually received these mini-grants. No actual contracts with the school corporations were presented for audit. The program administrator apparently made the decision to provide anti-tobacco services to the schools rather than cash payments. According to a report prepared by the program administrator, estimated allocations to each school corporation were as follows:

Payment to BABES instructors to develop and set up Program	\$400
Payment to Debra Price for hours that could have been for this purpose	300
Additional Training/Acquisitions	300

ARIES/HENRY COUNTY LOCAL COORDINATING COUNCIL
AUDIT RESULTS AND COMMENTS
(Continued)

The 2004-2005 grant application also included a mini-grant for the Henry County Sheriff's Department for oversight of the TAP/TEG program. No actual contract with the Sheriff's Department was presented for audit. The Sheriff's Department had not received this mini-grant.

The 2004-2005 grant application also included a mini-grant for \$800 to the Henry County United Fund. No actual contract with the Henry County United Fund was presented for audit. To date, the Henry County United Fund has received \$200, but it is unclear if that payment was for budgeted rent or payment on the contract.

- (3) The budgets submitted to and approved by ITPC for years 2002 and 2003 included an annual salary of \$8,000 for a "research coordinator." The budget submitted and approved by ITPC for 2004-2005 included an annual salary of \$8,400.

General duties, as described in the budget narrative, include:

- (a) Develop and maintain a local website with links to ITPC information and other general research-based information regarding tobacco prevention and cessation.
- (b) Establish relationships with restaurant owners, design appropriate certificates for restaurants working toward on-site tobacco control, and maintain records regarding restaurant progress toward tobacco control.
- (c) Provide materials for research-based activities and programs for youth.
- (d) Serve as a direct contact for TAP/TEG program efforts.
- (e) Maintain awareness of Henry County cessation program by working with United Fund Community Program efforts.

Clint Childress was the Research Coordinator until September 30, 2004. He received compensation of \$8,000 in 2002; \$10,000 in 2003; and \$8,208.34 in 2004 (see Compensation and Benefits comment). Clint Childress is the son of the Program Administrator, Patricia Smith.

No local web site was operational, and no documentation of work on such website was presented for audit. No documents regarding local restaurants' progress toward tobacco control were provided for audit. The contractors for the TAP/TEG program (Henry County Sheriff's Department) and the United Fund Community Programs stated that they were never contacted by Clint Childress.

Failure to complete the project and expend state, local and/or private funds in accordance with this Agreement may be considered a material breach of the Agreement and shall entitle the State to impose sanctions against the Grantee including, but not limited to, suspension of all grant payments, and/or suspension of the Grantee's participation in State grant programs until such time as all material breaches are cured to the State's satisfaction. Sanctions may also include repayment of all state funds expended for activities, which are not in the scope of this project as set forth in Exhibit A of this agreement. (Grant Agreement dated May 14, 2002, part V(I))

ARIES/HENRY COUNTY LOCAL COORDINATING COUNCIL
AUDIT RESULTS AND COMMENTS
(Continued)

DISBURSEMENTS EXCEEDING BUDGET

Based on the budget approved with the Grant Agreement, Henry County LCC overspent the following line items:

<u>Budget Category</u>	<u>Budget Amount</u>	<u>Disbursed</u>	<u>Amount Spent (Over) Budget Amount</u>
Year 2002:			
In-state travel	\$ 400.00	\$ 1,608.68	\$ (1,208.68)
Furniture and equipment	5,000.00	6,401.89	(1,401.89)
Total year 2002	<u>\$ 5,400.00</u>	<u>\$ 8,010.57</u>	<u>\$ (2,610.57)</u>
Year 2003:			
Program Administrator salary	\$ 12,500.00	\$ 15,000.00	\$ (2,500.00)
Research Coordinator salary	8,000.00	10,000.00	(2,000.00)
In-state travel	400.00	1,863.73	(1,463.73)
Supplies	550.00	821.23	(271.23)
Contracts	27,700.00	34,657.84	(6,957.84)
Furniture and equipment	-	1,674.00	(1,674.00)
Total year 2003	<u>\$ 49,150.00</u>	<u>\$ 64,016.80</u>	<u>\$ (14,866.80)</u>
Year 2004:			
Out-of-state travel	\$ -	\$ 1,855.64	\$ (1,855.64)
Telephone/cell phone service	-	1,883.45	(1,883.45)
Other - bank overdraft fee	-	25.00	(25.00)
Total year 2004	<u>\$ -</u>	<u>\$ 3,764.09</u>	<u>\$ (3,764.09)</u>

The project budget is set forth as Exhibit A in this Agreement, attached hereto, made a part hereof and incorporated herein by reference as part of this Agreement. The Grantee shall not spend more than the amount for each line item, as described in Exhibit A, without the prior written consent of a duly authorized representative of the State, nor shall the project costs funded by the grant and those funded by the local and/or private share be amended without the prior written consent of the State. (Grant Agreement for years 2002 and 2003 approved May 17, 2002, Page 3) (Amendment and Renewal # 1 approved February 13, 2004, Section V-5)

ARIES/HENRY COUNTY LOCAL COORDINATING COUNCIL
AUDIT RESULTS AND COMMENTS
(Continued)

COMPENSATION AND BENEFITS

Patricia Smith, Program Administrator, received compensation from both ARIES and Henry County LCC for the years 2003 and 2004. Patricia Smith received \$2,500 compensation in 2003 in excess of the budget submitted to and approved by the ITPC. No time sheets and/or daily logs were maintained to document hours worked and activities performed as required in 2004. Patricia Smith is also employed full-time as a curriculum coordinator for a local school corporation. Patricia Smith's total undocumented compensation for 2004 was \$13,125.

Clint Childress, Research Coordinator, received compensation from both ARIES and Henry County LCC for the years 2003 and 2004. Clint Childress received \$2,000 compensation in 2003 in excess of the budget submitted to and approved by the ITPC. No time sheets and/or daily logs were maintained to document hours worked and activities performed as required in 2004. Clint Childress' total undocumented compensation for 2004 was \$8,208.34.

Debra Price was the Financial Coordinator of ARIES/Henry County LCC. Debra Price passed away on June 26, 2004. The informal budget presented for ARIES specified an annual salary of \$1,600 for the year 2004. The budget submitted to and approved by the ITPC specified an annual salary of \$8,400. One-half (the time services were performed) of each budgeted salary totals \$5,000. Debra Price often paid herself in advance of services performed and overpaid herself \$14,000 compensation in the first six months of 2004. In addition, no time sheets and/or daily logs were maintained to document hours worked and activities performed as required in 2004. Debra Price's total undocumented compensation for 2004 was \$4,200.

"The project budget is set forth as Exhibit A in this Agreement, attached hereto, made a part hereof and incorporated herein by reference as part of this Agreement. The Grantee shall not spend more than the amount for each line item, as described in Exhibit A, without the prior written consent of a duly authorized representative of the State, nor shall the project costs funded by the grant and those funded by the local and/or private share be amended without the prior written consent of the State." (Grant Agreement approved May 17, 2002)

The instructions provided by ITPC for the 2004-2005 grant period were specific: "Paid staff must document hours worked and summarize activities performed on a daily log." (Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation, 2004, Page 8)

IC 5-11-9-4(b)(2) states in part: ". . . shall require that records be maintained showing which hours were worked each day by officers and employees . . . employed by more than (1) public agency or in more than one (1) position by the same public agency . . ."

We recommended that officials from ITPC request repayment of Patricia Smith's undocumented compensation for 2004 in the amount of \$13,125 and \$2,500 for overpayment of salary in 2003. (See Summary, page 45)

We recommended that officials from ITPC request repayment of undocumented compensation for 2004 in the amount of \$8,208.34 and \$2,000 for overpayment of salary in 2003. (See Summary, page 45)

We recommended that ITPC pursue reimbursement from Debra Price's estate for her undocumented compensation for 2004 in the amount of \$4,200. We recommended that ARIES pursue reimbursement of overpaid salary for 2004 from Debra Price's estate in the amount of \$14,000. (See Summary, page 45)

ARIES/HENRY COUNTY LOCAL COORDINATING COUNCIL
AUDIT RESULTS AND COMMENTS
(Continued)

PERSONAL EXPENSES

The ARIES and Henry County LCC checking accounts both had debit cards that were used for travel and other expenses. STAR Financial Bank issued a new debit card on October 13, 2003, embossed 'HENRY COUNTY LCC' with 'PATRICIA SMITH' on the second line. On December 10, 2003, STAR Financial Bank reissued a card embossed with 'PATRICIA SMITH' only. Patricia Smith also had a personal account with STAR with a debit card issued in her name only. The error was brought to STAR Financial Bank's attention on February 25, 2004. Personal expenses charged to Henry County LCC during the period where Patricia Smith used the wrong debit card amounted to \$2,853.46.

Additional expenses of \$473.03 were charged to the debit card for meals and gasoline while not in travel status.

Additional debit card transactions with no documentation or explanation totaled \$529.54.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental function. (Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation, 2004, Page 11)

All disbursements are required by law to be fully itemized. IC 4-10-11-1 states that payments shall not be approved by any officer or officers authorized to approve the same, unless so itemized, and when invoices are presented for payment, they shall be accompanied by said itemized accounts and statements. (Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation, 2004, Page 10)

Section 9, Additional Conditions of the Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation states in part:

"a. That grant funds and program income shall not be expended for:

10. Food. . . ."

We recommended that officials of ITPC request from Patricia Smith reimbursement of \$2,853.46 for personal expenses charged to Henry County LCC, \$529.54 for undocumented disbursements, and \$473.03 for food and gasoline. (See Summary, page 45)

On April 7, 2004, \$500 was deducted from Patricia Smith's Henry County LCC net pay. On April 12, 2005, Patricia Smith reimbursed Henry County LCC \$2,033.09.

UNAUTHORIZED TRAVEL

In years 2003 and 2004, Patricia Smith attended various meetings out of state. According to ITPC officials, out of state budgets were allowed for attendance at the National Tobacco or Health Conference. The conferences were held in Boston in December 2003 and in Chicago in May 2004. Neither Patricia Smith nor any other Henry County LCC representative attended these conferences.

ARIES/HENRY COUNTY LOCAL COORDINATING COUNCIL
AUDIT RESULTS AND COMMENTS
(Continued)

During the year 2003, Patricia Smith, Sara Smith (Patricia Smith's daughter and a member of VOICE), Natalie Grear (a member of VOICE), and Susan Hyatt (Drug Free Indiana District Representative) attended the Annual Conference of the Association for Supervision and Curriculum Development in San Francisco. One-half of the travel expenses were charged to Henry County LCC and one half to ARIES (Drug Free Indiana provider for Henry County). The amount charged to LCC was \$863.69. Patricia Smith, Jennifer Smith (Patricia Smith's daughter and a member of Indiana Point of Youth (POY)), Sherie Lang, and Courtney Lang (Sherie Lang's daughter) attended Book Expo in Chicago. One-half of the travel expenses were charged to Henry County LCC and one-half to ARIES. The amount charged to LCC was \$287.21

In 2004, Patricia Smith, Mark Smith (Patricia Smith's husband), and Jennifer Smith attended the annual National Student Assistance Conference in Walt Disney World Resort, Florida. Travel expenses were split with two-thirds being charged to ARIES, and one-third charged to Henry County LCC. The amount charged to Henry County LCC was \$1,030.23. Patricia Smith, Jennifer Smith, Sherie Lang, and Courtney Lang attended the 2004 Book Expo in Chicago. Travel expenses were charged one-half to ARIES and one-half to Henry County LCC. The amount charged to Henry County LCC was \$825.41.

Expenses incurred to attend tobacco use prevention and cessation trainings, conferences and meetings are permitted. Present the following for each event: Description of the event or conference; rationale for attending (this should connect directly to your partnership's vision and program activities); anticipated follow-up from the event after you return to your community; budget estimate (travel, lodging, meals, registration fees, other expenses.) (Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation, 2002, section 2(a)) (Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation, 2004, Page 9)

We recommended that ITPC request reimbursement of \$3,006.54 in unauthorized travel expenses from Patricia Smith. (See Summary, page 45)

PERSONAL PROPERTY USE

Henry County LCC included a budget line item for "Telephone/Cell Phone Acquisition and Service for Personnel" in the budgets submitted to and approved by ITPC for years 2002 and 2003. Patricia Smith and another employee of ARIES had access to the phones outside of normal work hours. In May or June 2003, the ARIES employee's phone was given to Patricia Smith's daughter, Jennifer Smith, who was a representative of Indiana POY. She was not an employee or an official of Henry County LCC. All charges for the cellular phones, which included roaming charges and additional airtime, were paid directly to Verizon by Henry County LCC. No call logs or itemized billings with calls documented as tobacco prevention or cessation activities were presented for audit for years 2002 or 2003. Total cell phone charges for 2002 were \$798.38. Total cell phone charges for 2003 were \$1,794.55. No budget line item was included in 2004-2005 budget, nor were call logs or itemized billings with calls documented as tobacco prevention and cessation activities presented for audit for year 2004. Total cell phone charges for 2004 were \$1,883.45.

Detailed billings for June 2002 through December 2002 and February 2003 through June 2003 were presented for audit. Those bills were given to Patricia Smith to identify personal and business related calls. She highlighted what she believed to be tobacco and Drug Free Indiana business calls. (All cell phone bills were paid with tobacco funds.) We tested highlighted calls for June 2002 through August 2002 through a reverse search website, and found calls that were clearly of a personal nature. Therefore, we estimated that approximately one-half of total bills for the period of June 2002 through May 2003 were tobacco related. The remaining bills from June 2002 to May 2003 are charged to Patricia Smith for \$407.69. Debra Price is also charged for \$407.69. After the second phone was given to Patricia Smith's daughter, we estimated that one-fourth of total bills were tobacco related. The remaining bills from June 2003 and thereafter are charged to Patricia Smith for \$2,134.23.

ARIES/HENRY COUNTY LOCAL COORDINATING COUNCIL
AUDIT RESULTS AND COMMENTS
(Continued)

"Public funds may not be used to pay for personal items or for expenses that do not relate to the functions and purposes of the governmental unit or program. Personal long distance calls are not allowed to be charged to the state. Cellular phone service, which is paid for with public funds, is for the sole benefit of the state agency or program for which grant funds have been received. Grant Recipients have a responsibility to monitor cellular phone expenses to ensure that they are not paying for airtime that is not needed." (ITPC Memo dated June 10, 2002)

Public funds may not be used to pay for personal items or for expenses that do not relate to the functions and purposes of the tobacco grant program. Personal long distance calls are not allowed to be charged to the grant. Cellular phone service, which is paid for with grant funds, is for the sole benefit of the program for which grant funds have been received. Grantees have a responsibility to monitor cellular phone expenses to ensure they are not paying for airtime that is not needed. Cellular phone service is paid only via reimbursement with detailed billing. (Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation, 2004, Page 11)

Cell phone expense paid from tobacco grant funds must be for calls to conduct tobacco prevention and cessation business. To be reimbursed for cell phone calls, the grantee must have an approved line item in the budget for cell phone expense and provide itemized billing receipts with tobacco prevention and cessation phone calls highlighted. The reimbursement can only be for the calls to conduct tobacco prevention and cessation business. No reimbursements will be issued for cell phone expenses without itemized billing for calls which can be documented as for tobacco prevention and cessation activities. (Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation, 2004, Page 9)

We recommended that ITPC request reimbursement of \$2,541.92 from Patricia Smith for personal use of the cell phones. We recommended that ITPC pursue reimbursement of \$407.69 from Debra Price's estate for personal use of a cell phone. (See Summary, page 45)

REQUIRED REPORTS NOT FILED

ARIES, Inc., did not file required form E-1 for years 2002, 2003, or 2004.

Within 30 days after the end of the fiscal year, the designated Lead Agency must file Form E-1 with the Indiana State Board of Accounts so the audit requirements can be determined and communicated to the agency. (Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation, 2004, Page 12)

AUDIT COSTS – CONDITION OF RECORDS

Additional audit time was required to prepare financial statements and other information necessary for the audit report due to the condition of records. (See related Audit Result and Comment). The State of Indiana is recommending that ITPC pursue reimbursement of excessive audit costs from Debra Price's estate in the amount of \$18,105.05. (See Summary, page 45)

ARIES/HENRY COUNTY LOCAL COORDINATING COUNCIL
EXIT CONFERENCE

The contents of this report were discussed on September 6, 2005, with Doug Mathis, President of the ARIES/Henry County LCC Board; Charles Willis, Vice President of the ARIES/Henry County LCC Board; and Cindy Bay, Secretary of the ARIES/Henry County LCC Board. The official response has been made a part of this report and may be found on pages 19 and 20.

The contents of this report were discussed on September 14, 2005, with Patricia Smith, former Program Administrator. The official response has been made a part of this report and may be found on pages 21 through 44.

The contents of this report were discussed on September 19, 2005, with Anita Gaillard, ITPC Director of Community Programs; and Celesta Bates, ITPC Chief Financial Officer. The officials concurred with our findings.

The contents of this report were discussed with Clint Childress, former Research Coordinator, on September 20, 2005.

A R I E S
Abuse Reduction • Intervention • Education • Support
P.O. Box 37 • New Castle, IN 47362

September 9, 2005

State Board of Accounts
302 West Washington St.
Room E 418
Indianapolis, IN 46204-2738

Re: Official Response

To Whom It May Concern:

In accordance with the directive provided to the ARIES Board of Directors at an exit conference held on Tuesday, September 6, 2005 in New Castle, please accept the following as our official response.

When issues with the financial condition of program funds were brought to the attention of the ARIES Board, a request for an immediate investigation was sought.

- An audit from the State Board of Accounts was requested in October of 2004
- Shore & Co. became the fiscal agent for the organization in October of 2004 thru March 2005. Interlocal Community Action Program assumed financial responsibilities in March 2005
- A volunteer program coordinator assumed responsibilities of ITPC and LCC programming on October 19, 2004
- All program reports have been submitted for 2004 and 2005
- All appropriate state and federal forms and obligations have been satisfied

In addition to these corrective financial measures, we have also carried out program activities for the period ending June 2005:

- Promotion of smoking cessation classes
- Prenatal focus education series
- Development of TEG and TAP curriculum have been presented to Henry County Youth Center and Community Corrections
- Focus on activities for the Henry County Youth Council
- Great American Smokeout activities in October, 2004
- Kick Butts Day 4/13/05
- Henry County restaurant survey completed
- Information packets provided to state legislators
- Alcohol and tobacco prevention materials and wrist bands provided at all Henry County high school proms
- Participation in Community Fairs and Parades
- Information packets distributed in all Henry County high schools
- Youth Council Recognition dinner held May 10, 2005
- 24 youth complete TAG/TEG requirements

Throughout this process we have taken steps to ensure program integrity and financial accountability. Henry County was recently awarded ITPC funding in July 2005 for the continuation of programs for our community.

We regret that financial accountability and program operation irregularities have interfered with the mission of this organization. The ARIES Board of Directors, a group of community-minded volunteers from law enforcement, education, local government and service organizations, recognizes the gravity of this problem and pledges vigilance in the oversight and delivery of these important services.

Respectfully,

ARIES Board of Directors

Patricia V. Smith
108 Tara Lane
New Castle, IN 47362

September 23, 2005

State Board of Accounts:

Attached you will find my response document to the 2005 ARIES/LCC audit. I have included not only my response but over 300 pages of documentation as well in Appendices A-V. Please consider this letter also a portion of my official response.

You will find information that addresses **documentation of financial reporting and obligation for costs**. I have consistently in the subsections of my response noted the following:

- 1) The 2003 State Board of Accounts Monitoring Engagement Report ending December 15, 2003, states that documentation for expenditures was examined as were other specific areas of finance and program completion. This would include travel to the ASCD conference and book expo. All was found to be in good order with no exceptions noted. The document is included in the appendices.

- The 2003 state board of accounts monitoring visit for the period of January 1, 2003 to December 15, 2003, under the section *Allowable Costs* states: ***"We reviewed expenditures to confirm that tobacco trust funds were spent only as approved and not spent for unallowable items and were supported by properly executed documentation."***

Results: No exceptions were found.

- The 2003 state board of accounts monitoring visit for the period of January 1, 2003 to December 15, 2003, under the section *Adherence to Approved Budget* states: ***"We reviewed transactions to verify that approved budget allowances were not exceeded and modification, if any, were authorized in writing by ITPC."***

Results: No exceptions were found.

- 2) Due to state funding difficulties, the LCC received no January 2004 funding release until April 2004. There were no funds to report in the first quarter of 2004. Second quarter funds were only in LCC possession from April – June before Patricia Smith requested bank statements and reported her concerns to LCC and ARIES board members Steve Nelson and Sheriff Kim Cronk. Quarterly reports are included in the appendices.
- 3) Debra Price used ARIES funds, as she had done in the past, to cover expenses until ITPC funds were received. The irregular release of ITPC funding made meeting salary obligations to both grant employees and ARIES/BABES facilitators. Debra Price was to keep separate ledgers, as she had in the past. Debra Price is deceased, and her late 2004 records have not been located.
- 4) The second quarter funding report for 2004 was not due until July 31, 2004. Debra Price died in late June 2004 as the result of a serious medical condition that had progressively worsened since the April receipt of funds, making it impossible for her to complete her record-keeping prior to the report deadline. Again, her documents remain missing.
- 5) The grant agreement regulations clearly state that the grant recipient, the Henry County LCC is responsible for all financial reporting, documentation, and resulting audit costs if one is required. Because Patricia Smith could not be her own employer, for LCC purposes, she was an employee of the LCC board, not a member of the LCC board.
 - Page 3 of the regulation for the *2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation states* under subsection 3,

Lead Agency Responsibilities. The Lead Agency is responsible for the following:

- #1 ***Quarterly Fiscal Reports***
- #4 ***Quarterly Program Reports***
- #5 ***Fulfillment of the Terms of the Contract.***
- #6 ***Separate account or ledger for grant funds***

With regard to cell phone charges, you will find information stating that:

- 1) Cell phones were billed to an outside party who had served as a co-financial coordinator until mid-2003.
- 2) Debra Price had arranged for cell phones to be debited from the LCC account.

- 3) Debra Price viewed monthly cell phone bills.
- 4) Debra Price did not, at any time, bill Patricia Smith for any excess cell phone expenses.
- 5) Much like local calls on a land line, were "personal" calls were Verizon to Verizon and "included in the cell phone plan.
- 6) It appears that the use of cell phone shared by Susan Cassidy/Debra Price was nearly 100% personal. It was not charged to Debra Price.
- 7) Cell phone usage practices did not change from 2003 to 2004. The 2003 State Board of Accounts Monitoring Visit did not find exception with cell phone practices.

With regard to LCC Board and the ARIES Board activity, little documentation exists of meetings.

- 1) Debra Price was charged with keeping minutes for both organizations.
- 2) Debra Price's records remain missing following her death.
- 3) Both the LCC and the ARIES boards were highly inactive with few members attending meetings. An attempt at quarterly meetings rather than monthly meetings did not assist in improving attendance.

Regarding work completed for Patricia Smith and Clint Childress, you will find that a major portion of the over 300 pages in the appendices to the Official Response support work that was undertaken and/or completed. This documentation includes:

- 1) Tobacco-related e-mail between Clint Childress and Patricia Smith
- 2) Tobacco-related e-mail between either Clint Childress or Patricia Smith and other employees or board members.
- 3) Tobacco-related e-mail with outside sources documenting work-related conversations.
- 4) E-mail with ITPC itself.
- 5) An e-mail log documenting the submission of major work projects on weekends.
- 6) Letters from outside sources documenting work undertaken with Clint Childress and/or Patricia Smith
- 7) A website mock-up, letters from outside sources documenting work on the website during the first half of 2004, and e-mail with ITPC seeking assistance with the site

- 8) A listing of major work projects completed by Clint Childress and Patricia Smith in late 2003 and 2004. The documents that were produced were given to ARIES/LCC officials in November, 2004.
- 9) An article from the *Courier-Times*, written by Darrell Radford, applauding work done in late 2003 and early 2004 by the Henry County Youth Council. This work in tobacco-control advocacy resulted in the group's being named a model youth council and consequently in its being spotlighted in a statewide video. The group worked under the direction of Patricia Smith with support and study materials provided by Clint Childress.

With regard to fulfillment of grant requirements, you will also find a document submitted to ITPC highlighting work done January – June 2004 during an official monitoring period. Included is reference to a document housed in the ITPC offices that acknowledges the successful completion of a monitoring period between the Henry County LCC and the Indiana Tobacco Prevention and Cessation Agency. The monitoring period, lasting from January 2004 through June 2004, was conducted to allow ITPC to provide technical assistance directly to Henry County as it worked to implement all facets of the 2004-05 tobacco grant. The document was signed in June, 2004 by Julia Eminger, Regional Coordinator for ITPC, and Patricia Smith.

With regard to responsible reporting of financial concerns and audit requests, you will find documentation of an independent audit with Shore and Company, requested by Patricia Smith following her discovery of inexplicably low bank balances for ARIES and LCC accounts. This audit request came from Patricia Smith following her reporting of the seeming financial discrepancies to LCC and ARIES board members Steve Nelson and Sheriff Kim Cronk on in mid July 2004.

If I may be of any further assistance or provide any additional information, please do not hesitate to contact me.

Sincerely,



Patricia Smith

Response to:
**ARIES/HENRY COUNTY LOCAL COORDINATING
COUNCIL AUDIT RESULTS AND COMMENTS**

Background Information

Appendix F includes organizational flow charts and information regarding the structure of the Henry County LCC and ARIES. These documents were prepared by Patricia Smith specifically for response for audit results and represent her understanding of the organizations.

Condition of Records

Appendix E contains the 2003 State Board of Accounts Monitoring Visit Report and the 2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation document.

Appendix G contains the first quarter fiscal report for 2004-05.

- Debra Price was ill during the 2004 grant period. Patricia Smith, nor anyone on the LCC board to Patricia Smith's knowledge, was aware of the severity of her condition, though she had continuing health problems and medical visits.
- Patricia Smith asked Debra Price for financial reports at various times during the 2004 grant period, once for a copy of her March fiscal report and then more than once after that for a copy of records pertaining to the debit card confusion with STAR Financial Bank.
- Each time, Debra Price's reply was that she had been unable to reconcile books due to her ill health, medical appointments, and the untimely release of Indiana Tobacco Prevention and Cessation (ITPC) funding, but that she was working to do so.
- ITPC funding due in January 2004 was not released until April 2004, making it necessary to use existing ARIES funding to meet payroll.
- Debra Price indicated that she had received permission from the State Board of Accounts to write payroll through ARIES to simplify payroll taxes for ARIES/BABES facilitators. Debra Price indicated she was to keep separate books on each account.

- Debra Price filed a first quarter fiscal report indicating no ITPC funding had been released.
- Debra Price had until July 31, 2004, to reconcile books and file the second quarter fiscal report
- Debra Price died in late June, 2004, prior to the due date for her second quarter reports.
- Had Debra Price lived, the condition of records might have been resolved prior to the due date for the second quarter report.
- Debra Price kept all records and receipts.
- Debra Price worked from more than one location.
- Debra Price's records have not been located.
- Henry County LCC was the grantee and Fiscal Agent for the 2004-2005 tobacco grant.
- Page 3 of the regulation for the *2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation* states under subsection 1, ***"There is no separate Fiscal Agent and Lead Agency allowed."***
- Page 3 of the regulation for the *2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation* states under subsection 3,

Lead Agency Responsibilities. The Lead Agency is responsible for the following:

- #1 *Quarterly Fiscal Reports***
- #5 *Fulfillment of the Terms of the Contract.***
- #6 *Separate account or ledger for grant funds***

Supporting Documentation

Appendix E contains the 2003 State Board of Accounts Monitoring Visit Report and the 2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation document.

- The 2003 state board of accounts monitoring visit for the period of January 1, 2003, to December 15, 2003, under the section *Allowable Costs* indicates: ***"We reviewed expenditures to confirm that tobacco trust funds were spent only as approved and not spent for unallowable items and were supported by properly executed documentation."***

Results: No exceptions were found.

- To the best of Patricia Smith's knowledge, no accounting practices changed for 2004.
- Debra Price died in June 2004.
- Debra Price kept all records and receipts.
- Debra Price worked from more than one location.
- Debra Price's records have not been located
- Henry County LCC was the grantee and Fiscal Agent for the 2004-2005 tobacco grant.
- Page 3 of the regulation for the *2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation* states under subsection 1, ***"There is no separate Fiscal Agent and Lead Agency allowed."***
- Page 3 of the regulation for the *2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation* states under subsection 3,

Lead Agency Responsibilities. The Lead Agency is responsible for the following:

- #1 ***Quarterly Fiscal Reports***
- #5 ***Fulfillment of the Terms of the Contract.***
- #6 ***Separate account or ledger for grant funds***

Capital Assets

Appendix E contains the 2003 State Board of Accounts Monitoring Visit Report and the 2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation document.

- The 2003 state board of accounts monitoring visit for the period of January 1, 2003, to December 15, 2003, under the section *Fixed Assets* indicates: “*We verified that fixed assets with a value of \$500 or greater were included on a fixed asset listing and any disposals or removals were approved in writing from the ITPC. We also determined assets purchased could reasonably be assumed in use for the project.*”

Results: No exceptions were found.

- No additional capital asset purchases are indicated as occurring in 2004, according to the most recent State Board of Accounts audit.
- Henry County LCC was the grantee and Fiscal Agent for the 2004-2005 tobacco grant.
- Page 3 of the regulation for the *2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation* states under subsection 1, “*There is no separate Fiscal Agent and Lead Agency allowed.*”
- Page 3 of the regulation for the *2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation* states under subsection 3,

Lead Agency Responsibilities. The Lead Agency is responsible for the following:

- #1 Quarterly Fiscal Reports***
- #5 Fulfillment of the Terms of the Contract.***
- #6 Separate account or ledger for grant funds***

Non-Compliance with Grant Application

Appendix A includes listings of work completed or in progress and copies of communication that comprised a large amount of the work to be read and evaluated for implementation in the local program that would be established as the grant period progressed.

Appendix E contains the 2003 State Board of Accounts Monitoring Visit Report and the 2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation document.

Appendix G contains the first quarter grant fiscal report.

In General

- **The 2004-2005 tobacco grant agreement covered a period from January 1, 2004 through June 30, 2004.**
- **The tobacco grant agreement required a re-write to meet ITPC-specific goals which was compiled in January 2004 and submitted at the end of the month.**
- **Funding to begin work on the 2004 grant was not received until April 2004 due to state funding difficulties.**
- **Completion of the grant goals was not required until June 30, 2005.**
- **At the end of the grant cycle, the option for carryover existed.**
- **Both Patricia Smith and Clint Childress ended their portion of work on the 2004-2005 grant in October 2004.**
- **In 2004 the LCC board, the grantee and fiscal agent for this grant, re-assigned grant implementation to another party pending audit.**
- **Patricia Smith does not know how grant implementation progressed after October 2004.**

(1) Middle Level Youth Focus

- **Greater tobacco focus was being infused into the elementary curriculum and was expanding into the secondary schools**

- In January 2004, a project with the Sanders Group was completed. The project included the making of an ITPC video spotlighting model youth councils. The Sanders Group selected the Henry Council Youth Council, coordinated by Patricia Smith as a part of this grant, as a model group based upon its performance.
- The project began in late 2003.
- Youth council was comprised of a group of middle and high school students from each of the five county school corporations.
- Patricia Smith provided research-based materials for youth council study. Clint Childress collected much of the material used. In order to do the type of planning that would result in a youth council receiving recognition, much of the evening and weekend work time was spent planning for youth council meetings and activities.
- Susan Hyatt, State Drug-Free Indiana Community Consultant, provided additional materials and assistance.
- As a part of the January –June 2004 monitoring period activity, Patricia Smith coordinated with Julia Eminger to come to New Castle to present to the youth council.
- In 2004 Jennifer Smith, Henry County VOICE Youth Council member and POY state representative, developed a pilot role-modeling program to present in two elementary schools, Westwood and Wilbur Wright. She used research-based materials focusing on a tobacco-free lifestyle.
- Youth were active in state and national meetings.

(2) Mini-grants

- Patricia Smith spoke with Celesta Bates regarding the use of contract funds to supply programs and support to school rather than providing schools with cash that required them to hire individuals at a set rate of pay. Debra Price was the usual contact with Celesta Bates. Patricia Smith made this phone call due to her greater familiarity with school issues.
- School extra curricular pay scales have a need to remain consistent in employee compensation. It could have presented contract negotiation difficulties for school corporations to have an outside agency dictate the extra-curricular compensation a school would pay an employee, especially if that compensation was not in keeping with the standard extra-curricular pay scale for the school.

(3) Grant Implementation Services

- **Websites**
 - Correspondence with ITPC indicates work on a website during the first six months of 2004
 - Correspondence with an outside source indicates that Clint Childress consulted with him during May/June 2004 regarding website establishment.
 - Clint Childress constructed a replica of the website during the audit period. The replica was taken to the State Board of Accounts Office in New Castle.
 - The LCC Board reassigned website work in October 2004, pending audit. The grant did not terminate until June 2004.
 - Patricia Smith does not know if the website is yet operational.
- **Restaurants**
 - Documentation turned in with Clint Childress' computer equipment includes a certificate designed to distribute in Henry County smoke-free restaurants
 - Documentation with this response includes a list of smoke-free restaurants compiled and maintained in 2004. It is current to approximately October 2004, when the LCC Board reassigned this work pending audit.
 - Work to compile the list required visits and calls to local restaurants several times during the grant cycle.
 - During 2004, Patricia Smith brought to an LCC subgroup meeting information from Clint Childress regarding the installation of smoke filtration system at the local Elks Lodge. Clint Childress was out of town at the time of the meeting.
- **Research-Based Materials**
 - A partial collection of e-mail indicates the types of research that were provided by ITPC. These were read and evaluated for inclusion in youth study-group materials.
 - Clint Childress provided research-based material for evaluation and use during Jennifer Smith's role-modeling pilot program at elementary schools. The amount of material increased significantly in 2004.
 - Clint Childress read and evaluated research-based materials that could be ordered for examination use in secondary schools.
 - A separate listing research-related documents compiled by and work done by Clint Childress is attached.
- **TAP/TEG**

- The research coordinator examined TAP/TEG introductory materials provided by Julia Eminger, ITPC regional coordinator, at a tobacco sub-group meeting.
 - The research coordinator also reviewed TAP/TEG materials provided on-line.
 - The research-coordinator shared information with Patricia Smith who was in contact with Community Corrections. (Patricia Smith had spoken with Sheriff Cronk to determine if he minded if she spoke with Community Corrections as a possible agency to provide TAP/TEG instead of the Sheriff's Department. Sheriff Cronk did not mind)
 - The TAP/TEG service provided had not been officially identified in October 2004. Julia Eminger was working with Henry County to help determine that provider.
 -
- United Fund Program Efforts
 - Clint Childress worked with Debra Price, United Fund contact, on the following:
 - Breathing Room Campaign
 - Material compilation for Sheriff's Camp
 - Material compilation for community fairs
 - The 2004-05 Indiana Tobacco Prevention and Cessation grant agreement with the Henry County LCC states, regarding Henry County United Fund: ***"These services will be coordinated through weekly contact with the Research Coordinator and the ARIES/ITPC coordinator."*** The ARIES/ITPC and Financial coordinator was Debra Price who was also affiliated with the United Fund. Debra Price served as the link between the United Fund and the research coordinator.
 - Debra Price's ill health sometimes made timely communication difficult.
- All of the above was accomplished in the first portions of the grant period.
- In June 2004, Julia Eminger and Patricia Smith signed documentation of the successful completion of the monitoring period from January – June 2004 where ITPC provided the Henry County LCC grant employees with technical assistance in properly implementing the grant.
- Patricia Smith and Clint Childress (mother and son) were both employed by the LCC board. In 2002-2003 the LCC Board also employed Susan Cassidy and Debra Price, mother and daughter.
- Clint Childress' employment was recommended to the LCC Board by either Susan Cassidy or Debra Price, as he had served as their research intern in the late 1990s.

- Henry County LCC was the grantee and Fiscal Agent for the 2004-2005 tobacco grant.
- Page 3 of the regulation for the 2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation states under subsection 1, ***“There is no separate Fiscal Agent and Lead Agency allowed.”***
- Page 3 of the regulation for the 2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation states under subsection 3,

Lead Agency Responsibilities. The Lead Agency is responsible for the following:

#5 Fulfillment of the Terms of the Contract.

Disbursements Exceeding Budget

Appendix E contains the 2003 State Board of Accounts Monitoring Visit Report and the 2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation document.

- The 2003 state board of accounts monitoring visit for the period of January 1, 2003 to December 15, 2003, under the section ***Allowable Costs*** indicates: ***“We reviewed expenditures to confirm that tobacco trust funds were spent only as approved and not spent for unallowable items and were supported by properly executed documentation.”***

Results: No exceptions were found.

- The 2003 state board of accounts monitoring visit for the period of January 1, 2003 to December 15, 2003, under the section ***Adherence to Approved Budget*** indicates: ***“We reviewed transactions to verify that approved budget allowances were not exceeded and modification, if any, were authorized in writing by ITPC.”***

Results: No exceptions were found.

- In 2004, out-of-state travel occurred in the same manner as in 2003, in one instance to the same type of conference.

- To Patricia Smith's knowledge, (Patricia Smith was hired by the Henry County LCC as program director; Debra Price was hired by the Henry County LCC as financial coordinator) no accounting or approval procedures changed from 2003 to 2004.
- Cell phone service in 2004 was intended to be paid from ARIES, rather than from ITPC. As such, it was not included in the ITPC grant application.
- The funding report for the second quarter ending June 30, 2004 was not due until July 31, 2004.
- Debra Price died in late June 2004 following a serious medical situation.
- Due to her untimely death, it appears Debra Price did not have the opportunity to resolve 2004 tobacco expenditures or to separate them from ARIES expenditures.
- Henry County LCC was the grantee and Fiscal Agent for the 2004-2005 tobacco grant.
- Page 3 of the regulation for the ***2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation*** states under subsection 1, "***There is no separate Fiscal Agent and Lead Agency allowed.***"
- Page 3 of the regulation for the ***2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation*** states under subsection 3,

Lead Agency Responsibilities. The Lead Agency is responsible for the following:

- #1 ***Quarterly Fiscal Reports***
- #5 ***Fulfillment of the Terms of the Contract.***
- #6 ***Separate account or ledger for grant funds***

Compensation and Benefits

Appendix A includes listings of work completed or in progress and copies of communication that comprised a large amount of the work to be read and evaluated for implementation in the local program that would be established as the grant period progressed.

Appendix E contains the 2003 State Board of Accounts Monitoring Visit Report and the 2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation document.

Appendix G contains the first quarter grant fiscal report.

- To the best of Patricia Smith's knowledge, for all employees, all hours in 2004 were documented in the same ways as were those in 2003. As financial coordinator, Debra Price maintained that documentation for the Henry County LCC.
- All hours billed to Henry County LCC by Patricia Smith and Clint Childress were evening and weekend hours.
- Patricia Smith and Clint Childress worked 10 hours per week, as they had in the previous grant years of 2002 and 2003.
- Extra hours were documented.
- Patricia Smith does not know the exact configuration of Debra Price's hours. Debra Price maintained her own documentation for submission to the State Board of Accounts.
- The 2003 state board of accounts monitoring visit for the period of January 1, 2003 to December 15, 2003, under the section *Allowable Costs* states: ***"We reviewed expenditures to confirm that tobacco trust funds were spent only as approved and not spent for unallowable items and were supported by properly executed documentation."***

Results: No exceptions were found.

- The 2003 state board of accounts monitoring visit for the period of January 1, 2003 to December 15, 2003, under the section *Adherence to Approved Budget* states: ***"We reviewed transactions to verify that approved budget allowances were not exceeded and modification, if any, were authorized in writing by ITPC."***

Results: No exceptions were found.

- Debra Price, financial coordinator, kept all records and receipts.
 - Debra Price filed a first quarter 2004 report on ITPC funds, correctly indicating no funding was received.
 - Debra Price died prior to the filing of a second quarter report ITPC report.
- Debra Price worked from more than one location.
- Debra Price's records have not been located.
- Henry County LCC underwent a monitoring period supervised by Indiana Tobacco and Cessation Agency (ITPC) from January 1, 2004 through June 30, 2004. ITPC desired to provide technical assistance and support with grant implementation.
- ITPC met with employees of the LCC and with other community representatives regularly to monitor progress in the county. Discussions included:
 - Website progress and logo issues
 - Implementation of Projects
 - Community Partnerships
 - TAP/TEG
 - Breathing Room Campaign
 - Distribution of materials at community events.
 - Possible activities, including a "Get Your Butts Off our Streets," initiative
 - Youth Council Progress
 - Increase of tobacco-free activities in the county
 - Increase of tobacco-free activities in secondary schools
 - Smoke-free restaurant issues.
- In June 2004, Julia Eminger signed documentation with Patricia Smith indicating that Henry County had completed the monitoring period successfully and was satisfactorily implementing ITPC's expectations for the 2004 grant.
- Henry County LCC was the grantee and Fiscal Agent for the 2004-2005 tobacco grant.
- Page 3 of the regulation for the ***2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation*** states under subsection 1, ***"There is no separate Fiscal Agent and Lead Agency allowed."***

- Page 3 of the regulation for the ***2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation states*** under subsection 3,

Lead Agency Responsibilities. The Lead Agency is responsible for the following:

- #1 Quarterly Fiscal Reports***
- #4 Quarterly Program Reports***
- #5 Fulfillment of the Terms of the Contract.***
- #6 Separate account or ledger for grant funds***

Personal Expenses

Appendix B contains supporting bank documentation.

Appendix E contains the 2003 State Board of Accounts Monitoring Visit Report and the 2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation document.

- As a result of the debit card error described by STAR Financial Bank and restated in the current State Board of Accounts audit, Patricia Smith's personal charges appeared on the LCC Account.
- Patricia Smith reported the error to STAR Financial Bank.
- STAR Financial Bank refunded overdraft charges resulting from the error to the LCC account.
- Patricia Smith made a \$500 good faith payback to the LCC in April 2004. Full payment was to be made upon determination of exact charges.
- Debra Price died prior to determining those charges.
- In April 2005, Sheriff Kim Cronk provided Patricia Smith with a partial list of bank statements.
- Patricia Smith made a payback of \$2033.09. Any remainder was to be repaid upon further determination of charges.

- Additional charges to the LCC debit card were for related youth council and program activities.
- These debits were to be sorted and charged to the ARIES account in 2003 and 2004.
 - \$473.03 for food and gasoline for ARIES and youth council activities and drivers
 - \$529.54 for undocumented disbursements
- A portion of these charges occurred in 2003.
- Financial reporting for 2004 was due by July 31, 2004.
- Debra Price died in June 2004, prior to sorting LCC charges from ARIES Charges.
- Debra Price's documentation has not been located.
- The 2003 state board of accounts monitoring visit for the period of January 1, 2003 to December 15, 2003, under the section *Allowable Costs* indicates: ***"We reviewed expenditures to confirm that tobacco trust funds were spent only as approved and not spent for unallowable items and were supported by properly executed documentation."***

Results: No exceptions were found.

- The 2003 state board of accounts monitoring visit for the period of January 1, 2003 to December 15, 2003, under the section *Adherence to Approved Budget* indicates: ***"We reviewed transactions to verify that approved budget allowances were not exceeded and modification, if any, were authorized in writing by ITPC."***

Results: No exceptions were found.

- Henry County LCC was the grantee and Fiscal Agent for the 2004-2005 tobacco grant.
- Page 3 of the regulation for the ***2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation*** states under subsection 1, ***"There is no separate Fiscal Agent and Lead Agency allowed."***
- Page 3 of the regulation for the ***2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation*** states under subsection 3,

Lead Agency Responsibilities. The Lead Agency is responsible for the following:

- #1 Quarterly Fiscal Reports***
- #5 Fulfillment of the Terms of the Contract.***
- #6 Separate account or ledger for grant funds***

Unauthorized Travel

Appendix C contains travel information.

Appendix E contains the 2003 State Board of Accounts Monitoring Visit Report and the 2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation document.

2003 Conferences

- Because a primary focus of the tobacco initiative in Henry County was the establishment of school-based programs, and because ARIES/LCC programs were required to meet the mandates of No Child Left Behind to be deliverable in schools, a group traveled to the Association for Supervision and Curriculum Development conference in San Francisco in March 2003.
- Only partial charges for Sara Smith, Natalie Grear, and Susan Hyatt were divided between tobacco-free and drug-free accounts for the ASCD conference.
- A Chicago book expo was also attended by Patricia Smith, Jennifer Smith, Sherry Lang and Courtney Lang in June 2003. This was for the purpose of examination of materials that might be used to infuse tobacco-free material into the secondary curriculum.
- The 2003 state board of accounts monitoring visit for the period of January 1, 2003 to December 15, 2003, under the section ***Allowable Costs*** indicates: ***"We reviewed expenditures to confirm that tobacco trust funds were spent only as approved and not spent for unallowable items and were supported by properly executed documentation."***

Results: No exceptions were found.

- The 2003 state board of accounts monitoring visit for the period of January 1, 2003 to December 15, 2003, under the section *Adherence to Approved Budget* indicates: ***"We reviewed transactions to verify that approved budget allowances were not exceeded and modification, if any, were authorized in writing by ITPC."***

Results: No exceptions were found.

2004 Conferences

- The National Student Assistance Conference in Orlando, Florida addressed drug-free, alcohol-free, and tobacco-free issues and related to our school-based programs. This conference treats tobacco as a "drug" or a "substance." Only Patricia Smith's expenses were charged to tobacco funds.
- The conference served both a drug-free mission (ARIES) and a tobacco mission (LCC). One conference, therefore, served both purposes and was more cost effective.
- The National Student Assistance Conference is the national sister conference to the Indiana Many Voices, One Vision Conference. Both ITPC and Drug-Free Indiana were sponsors of the Many Voices, One Vision conference
- Debra Price indicated she had checked with ITPC in advance to assure the conference was an allowable expense. This had been Debra Price's practice, she indicated, in past years.
- In January, 2004, Susan Hyatt and Patricia Smith discussed conference attendance options with the LCC and ARIES Boards.
- The 2004-05 Indiana Tobacco Prevention and Cessation grant agreement with Henry County LCC under Budget Narrative, Section 2, Travel, reads: ***"Out of State – Funding to attend the/a National level tobacco conference, which focuses upon tobacco-related issues and the impact of tobacco on students and the community. As we continue to work with the school and the community, we will determine exactly which coalition affiliate should attend."***
- Book expo was an event that had been previously attended in 2003 and served the purpose of providing opportunity for examination of current, research-based materials for use in secondary schools. The event met approval in 2003.
- The 2003 state board of accounts monitoring visit for the period of January 1, 2003 to December 15, 2003, under the section *Allowable Costs* indicates: ***"We reviewed expenditures to confirm that tobacco trust funds were spent only as approved and not spent for unallowable items and were supported by properly executed documentation."***

Results: No exceptions were found.

- Henry County LCC was the grantee and Fiscal Agent for the 2004-2005 tobacco grant.
- Page 3 of the regulation for the ***2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation*** states under subsection 1, ***"There is no separate Fiscal Agent and Lead Agency allowed."***
- Page 3 of the regulation for the ***2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation*** states under subsection 3,

Lead Agency Responsibilities. The Lead Agency is responsible for the following:

- #1 Quarterly Fiscal Reports***
- #5 Fulfillment of the Terms of the Contract.***
- #6 Separate account or ledger for grant funds***

Personal Property Use:

Appendix E contains the 2003 State Board of Accounts Monitoring Visit Report and the 2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation document.

Appendix G contains the first quarter grant fiscal report.

- Subsequent to the request for audit, Patricia Smith has learned cell phones were billed to Susan Cassidy and paid electronically to Verizon.
- It was Patricia Smith's understanding that cell phones were contracted for tobacco use and that she, or anyone carrying a cell phone, would be billed monthly if any overcharges occurred.
- Patricia Smith was never billed for any overcharges by the financial coordinator, Debra Price

- To the best of Patricia Smith's knowledge, cell phone usage followed the same pattern as in 2004 as it had in 2003.
- The 2003 state board of accounts monitoring visit for the period of January 1, 2003, to December 15, 2003, under the section *Allowable Costs* indicates: *"We reviewed expenditures to confirm that tobacco trust funds were spent only as approved and not spent for unallowable items and were supported by properly executed documentation."*

Results: No exceptions were found.

- Because cell phone use was partially for drug-free purposes and because the costs had been paid by tobacco in 2003, cell phones charges were intended to be paid from ARIES funds, not tobacco funds, for 2004. As such, cell phones were not written into the tobacco budget.
- No tobacco funding was received prior to the end of the first quarter on March 31, 2004, so the funding report indicated no activity.
- The funding report for the second quarter ending June 30, 2004 was not due until July 31, 2004.
- Debra Price died in late June 2004 following a serious medical situation.
- Debra Price, it appears, did not have the opportunity to resolve 2004 tobacco expenditures or to separate them from ARIES expenditures prior to her death.
- Henry County LCC was the grantee and Fiscal Agent for the 2004-2005 tobacco grant.
- Page 3 of the regulation for the *2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation* states under subsection 1, *"There is no separate Fiscal Agent and Lead Agency allowed."*
- Page 3 of the regulation for the *2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation* states under subsection 3,

Lead Agency Responsibilities. The Lead Agency is responsible for the following:

#1 Quarterly Fiscal Reports

#5 Fulfillment of the Terms of the Contract.

#6 *Separate account or ledger for grant funds***Required Reports Not Filed**

Appendix E contains the 2003 State Board of Accounts Monitoring Visit Report and the 2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation document.

- **The current audit report indicates, ARIES, Inc. did not file the required form E-1 for years, 2002, 2003, or 2004.**
- **The 2003 state board of accounts monitoring visit for the period of January 1, 2003, to December 15, 2003, under the section *Reporting* indicates: “*We inquired whether Form E-1 was filed with the State Board of Accounts, verified that the Quarterly Fiscal Report was accurate and timely and additional expenditures in excess of amounts provided by grant funds were reported.*”**

Results: No exceptions were found.

- **Henry County LCC was the grantee and Fiscal Agent for the 2004-2005 tobacco grant.**
- **Page 3 of the regulation for the *2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation* states under subsection 1, “*There is no separate Fiscal Agent and Lead Agency allowed.*”**
- **Page 3 of the regulation for the *2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation* states under subsection 3,**

Lead Agency Responsibilities. The Lead Agency is responsible for the following:

#1 *Quarterly Fiscal Reports*

#5 *Fulfillment of the Terms of the Contract.*

Audit Costs

Appendix D contains additional and previous audit information as well as related information.

Appendix E contains the 2003 State Board of Accounts Monitoring Visit Report and the 2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation document.

- The Indiana Tobacco Prevention and Cessation 2004-2005 grant was awarded to Henry County LCC, as both the grantee and the Lead Agency.
- The Lead Agency, Henry County LCC, is the fiscal agent for the tobacco grant. As stated on page 3 of the Indiana Tobacco Prevention and Cessation grant application: ***"There is no separate Fiscal Agent and Lead Agency allowed."***
- Debra Price was employed by the Henry County LCC as Financial Coordinator for the Tobacco Grant.
- Page 3 of the regulation for the ***2004-2005 Request for Applications for Local Community-Based and Minority-Based Partnerships in Tobacco Prevention and Cessation*** states under subsection 3,

- ***Lead Agency Responsibilities***
The Lead Agency is responsible for the following:

#8. Audit to be paid by the grant recipient (if required by law

ARIES/HENRY COUNTY LOCAL COORDINATING COUNCIL
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due Henry Co. LCC</u>	<u>Balance Due ARIES</u>	<u>Total Balance Due</u>
Patricia Smith, Program Administrator:					
Compensation and Benefits, page 14	\$ 2,500.00	\$ -	\$ 2,500.00	\$ -	\$ 2,500.00
Compensation and Benefits, page 14	13,125.00	-	13,125.00	-	13,125.00
Personal Expenses, page 15	473.03	-	473.03	-	473.03
Personal Expenses, page 15	529.54	-	529.54	-	529.54
Personal Expenses, page 15	2,853.46	-	2,853.46	-	2,853.46
Unauthorized Travel, pages 15 and 16	3,006.54	-	3,006.54	-	3,006.54
Personal Property Use, pages 16 and 17	2,541.92	-	2,541.92	-	2,541.92
Withheld from Net Pay April 7, 2004	-	(500.00)	(500.00)	-	(500.00)
Personal Check 7235 Dated April 12, 2005, deposited April 28, 2005	-	(1,033.09)	(1,033.09)	-	(1,033.09)
Personal Check 7236 Dated April 12, 2005, deposited April 28, 2005	-	(1,000.00)	(1,000.00)	-	(1,000.00)
Total - - Patricia Smith, Program Administrator	<u>25,029.49</u>	<u>(2,533.09)</u>	<u>22,496.40</u>	<u>-</u>	<u>22,496.40</u>
Debra Price, Financial Coordinator (Deceased)/					
Patricia Smith, Program Administrator:					
Compensation and Benefits, page 14	14,000.00	-	-	14,000.00	14,000.00
Personal Property Use, pages 16 and 17	4,200	-	4,200	-	4,200.00
Compensation and Benefits, page 14	407.69	-	407.69	-	407.69
Audit Costs - Condition of Records, page 17	18,105	-	18,105	-	18,105.05
Total - - Debra Price, Financial Coordinator (deceased)/	<u>36,712.74</u>	<u>-</u>	<u>22,712.74</u>	<u>14,000.00</u>	<u>36,712.74</u>
Patricia Smith, Program Administrator					
Clint Childress, Research Coordinator/					
Patricia Smith, Program Administrator:					
Compensation and Benefits, page 14	2,000.00	-	2,000.00	-	2,000.00
Compensation and Benefits, page 14	8,208.34	-	8,208.34	-	8,208.34
Total - - Clint Childress, Research Coordinator/	<u>10,208.34</u>	<u>-</u>	<u>10,208.34</u>	<u>-</u>	<u>10,208.34</u>
Patricia Smith, Program Administrator					
ARIES					
Noncompliance With Grant Application, page 11	18,680.00	-	18,680.00	-	18,680.00
Total charges	<u>\$ 90,630.57</u>	<u>\$ (2,533.09)</u>	<u>\$ 74,097.48</u>	<u>\$ 14,000.00</u>	<u>\$ 88,097.48</u>

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AFFIDAVIT

STATE OF INDIANA)
)
HENRY COUNTY)

I, Robin Ann White, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of ARIES/Henry County Local Coordinating Council, Henry County, Indiana, for the period from January 1, 2002, to December 31, 2004, is true and correct to the best of my knowledge and belief.

Field Examiner

Subscribed and sworn to before me this ____ day of _____, 20__.

Clerk of the Circuit Court